

Indiana Department of Revenue

2011 General Update



Program Forecast

Mission

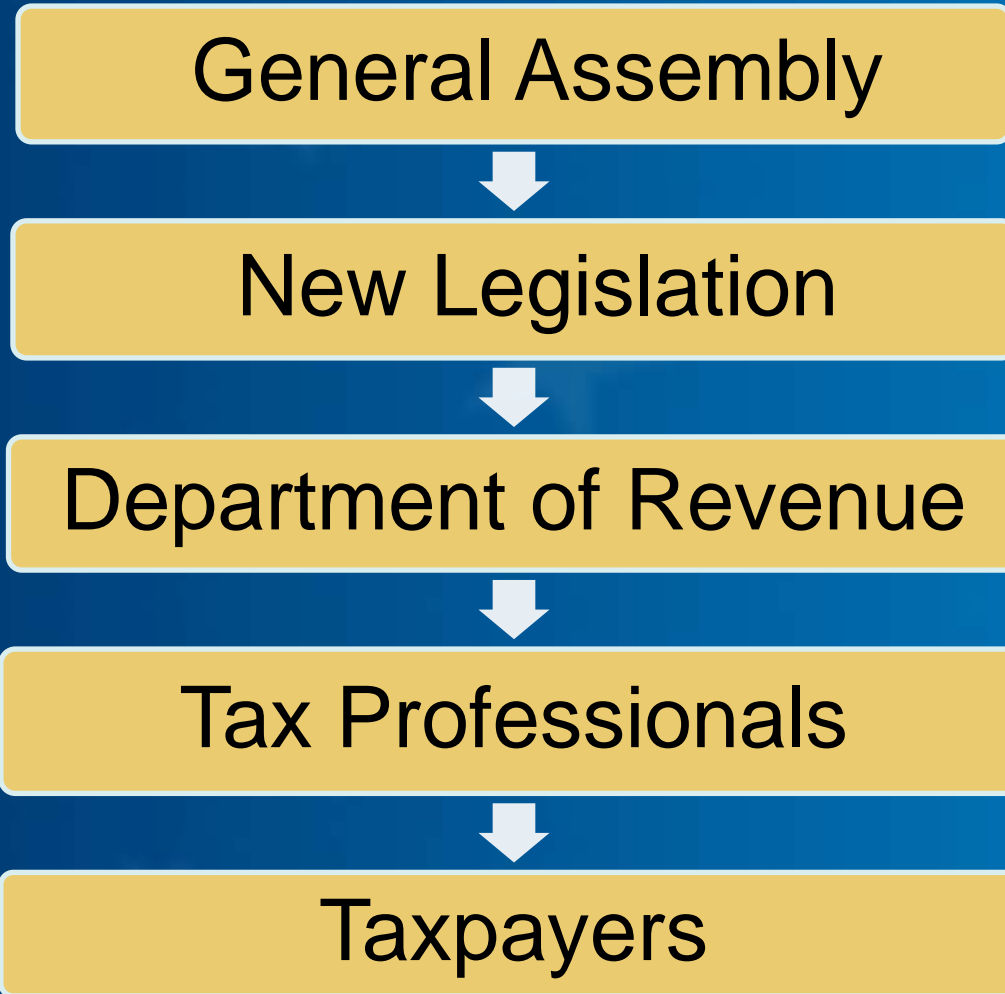
New Legislation

Tips

Review Topics



The Process



Our Mission

Administering tax laws in a fair, consistent, and efficient manner that supports the State and local budgets, which allow Indiana to be a highly desirable place to live, work, and do business.



New Legislation



New Legislation

Current law requires professional tax preparers who file more than 100 returns to use electronic filing

- threshold drops to 50 returns in 2012
- threshold drops to 10 returns in 2013



New Legislation

New deduction for individuals who have a dependent enrolled in a K-12 private school or is homeschooled

\$1000 deduction if claimant makes any education expenditure to cover costs, such as: tuition, fees, computer software, textbooks, or school supplies per qualifying child

Use 3-digit code **626** on **Schedule 2 / C**



New Legislation

The teacher summer employment credit will not be awarded after **Dec. 31, 2011**



New Legislation

The maternity home credit will not be awarded after **Dec. 31, 2011**

- credits previously awarded may not be carried forward to a taxable year beginning during the period **Jan. 1, 2012** through **Dec. 31, 2013**
- remaining credit must be carried forward to taxable years that begin after **Dec. 31, 2013** and before **Jan. 1, 2016**



New Legislation

The provision to carry back a net operating loss (NOL) has been eliminated for individuals and corporations

- no state NOL carryback claim may be filed after **Dec. 31, 2011**



New Legislation

A taxpayer now has 60 days to pay or protest a proposed assessment

- previous limit was 45 days



New Legislation

A taxpayer must now notify the Department of a federal modification of adjusted gross income and file an amended return within **180** days after the modification

- previous limitation was **120** days



New Legislation

After **Dec. 31, 2011**, individuals who are receiving unemployment compensation from the Department of Workforce Development can elect to have Indiana state and local taxes withheld



New Legislation

Indiana earned income credit (**Schedule IN-EIC**)
no longer piggybacks federal EIC computation

Must have a current year federal EIC

Figure using some **2001** federal rules

- Number of children credit based on limited to **two**
- No MFJ category in tables
- Modified federal AGI (IN worksheet)



New Legislation

Indiana earned income credit (**Schedule IN-EIC**)
no longer piggybacks federal EIC computation

Indiana will have its own EIC publication
with tax credit tables

- will change annually

★ Indiana EIC may no longer be claimed on
Form **IT-40EZ**

- must file **IT-40** or **IT-40PNR**



New Legislation

IC 6-3-4-8 eliminates the provision that allowed for advanced payments of the earned income tax credit through reduced employee withholding

Effective Jan. 1, 2011



New Legislation

The Department will cross-check Social Security numbers of all dependent children in order to improve compliance

- new **Schedule IN-DEP**

IN-DEP schedule must be included if any additional exemption for a dependent child is claimed on **Line 2** of exemption schedule



Schedule IN-DEP

Schedule IN-DEP
Form IT-40/IT-40PNR
State Form
(9-11)

Schedule IN-DEP: Additional Dependent Information (Instructions begin on page XX)

2011

Enclosure
Sequence No. **XX**

Name(s) shown on Form IT-40/IT-40PNR

Your Social Security Number

Report on this schedule the first and last name and Social Security number for each dependent child claimed as an additional exemption on line 2 of Schedule 3 (from Form IT-40) or Schedule D (from Form IT-40PNR).

	Child's First Name	Child's Last Name	Child's Social Security Number		
1.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
2.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
3.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>



Form Changes

Unemployment Compensation Add-Back eliminated

Affects: IT-40 EZ, Schedule 1, and Schedule B

IT-40 PNR Schedule A, Column B

- educator expenses reference removed because it is no longer allowed to affect IN AGI
- student loan interest deduction reduced to old levels
- eliminated tuition and fees deduction reference because it is no longer allowed to affect IN AGI



New Legislation

Interest earned on non-Indiana source state and local obligations are subject to the adjusted gross income tax for obligations ***acquired*** after **Dec. 31, 2011**

Applies to:

individuals

corporations

life insurance
companies

insurance
companies

trusts

estates



New Legislation

The current corporate income tax rate of 8.5% will decrease by 0.5% per year beginning July 1, 2012 and continue until July 1, 2015, at which time the rate will be 6.5%

Information Bulletin 12



New Legislation

A registered retail merchant's certificate (RRMC) will no longer be renewed if the merchant is delinquent in remitting withholding taxes



New Legislation

A refund claim for utilities used in direct consumption by a person engaged in manufacturing, processing, refining, repairing, mining, agriculture, horticulture, floriculture, or arboriculture may not cover transactions that occur more than **18** months before the date of the refund claim



New Legislation

For taxable years beginning after **June 30, 2011** any entity reporting AGI needs to add back to AGI any wages, reimbursements, or other payments made for services if the person was prohibited from being hired as an employee because the person was an unauthorized alien

www.dhs.gov/e-verify



New Add-Backs for 2010 and 2011

IRA charitable distribution add-back
(eff. 1/1/10)

Qualified environmental remediation
add-back (eff. 1/1/10)

Tuition and fees add-back
(eff. 1/1/10)

Start-up expenditure add-back
(eff. 1/1/10)

Educator expense add-back
(eff. 1/1/10)

Student loan interest add-back
(eff. 1/1/10)

Employer-provided educational expense add-back (eff. 1/1/10)



New Add-Backs for 2010 and 2011

Some modifications in **HEA 1001** were adopted retroactively for **2010**, others only for **2011**

Taxpayers do not need to file an amended return for **2010** to report the required modifications that were adopted retroactively, although filing an amended return is allowed.

Taxpayers can report these modifications on the **2011** return along with other modifications.

Commissioner's Directive 40



For 2011 IND has 31 add-backs, 27 deductions and 47 total credits

	Tax Year	2008	2011
Add-Backs		6	31
Exemptions		5	5
Deductions		23	27
Refundable Credits		8	8
Offset Credits		39	39
Booklet Instruction pages (IT-40)		46	60
Schedules and Forms		28	40



New Legislation

For the full legislative synopsis visit our website:

www.in.gov/dor/3656.htm



Tips



IND Due Dates for 2012

April 17, 2012*	IT-40 , IT-40EZ, IT-40PNR, IT-40RNR, IT-40ES / ES-40, IT-9
June 15, 2012	IT-40ES / ES-40 (2nd qtr)
June 18, 2012	State IT-9 extension filing due date
July 02, 2012	SC-40, IT-40, IT-40PNR filing due date if claiming unified tax credit for the elderly (not including extensions)
September 17, 2012	IT-40ES / ES-40 (3rd qtr)
November 19, 2012	State filing due date if under federal extension (Form 4868)
January 15, 2013	IT-40ES / ES-40 (4th qtr)



IN-529

A second vendor has been added for the Indiana CollegeChoice 529 Education Savings Plan

College Savings Bank has been added in addition to Upromise

Accounts numbers may be:

- 11 digits long, and begin with 61 or 62
- 10 digits long, and begin with 200, 201 or 208



INtax is for Practitioners

- Securely correspond with the Department
- Register and edit multiple clients
- View and print a current client list
- Schedule payments up to 30 days ahead
- File a zero return to avoid BIA
- Make a separate payment for each client or pay multiple client accounts through bulk payment upload
- View client's payment and return history at any time



INtax is for Practitioners

- Client not required to be registered with INtax before a practitioner can add the client
- Client has option to register for INtax view account information, as well as view practitioner activity
- Client is notified that a practitioner is managing his state taxes using INtax
- Order trust tax vouchers without registering

93 percent of users satisfied and would recommend INtax to others



Mailing Instructions

Returns w/ 2D barcodes are no longer mailed to separate address

IND returns with payments:

- PO Box 7224

IND returns without payments:

- PO Box 40

IND Correspondence should be mailed to:

- PO Box 7207



Mailing Instructions

WH3 when claiming refund:

- PO Box 7220

All other WH3 returns:

- PO Box 6108

List of POBs

www.in.gov/dor/3484.htm



Change of Address

Did you know you can change the address found on your individual account on our website?

www.in.gov/dor/3795.htm



ePay

Check balances

Make payment online for balance due

Make payment online for one or more liabilities or cases

- don't forget to use the case number

Manage estimated tax installment payments or view payment history

www.in.gov/dor/epay/3726.htm



Electronic Filing – Update

The Department will now accept PNRs and RNRs filed electronically through fed/state

Check with your software vendor to find out if they offer this functionality

They must opt-in and complete certification process

Look to have ability to file corporate returns beginning of 2013



Tips

Use the IT-40 X for any amended IND returns

- processed more quickly

Encourage your clients to select direct deposit for their individual income tax refunds.

Check refund status by visiting

www.in.gov/dor/4339.htm

- or by calling 317.232.2240



Tips

Income statements should only be included if they show Indiana state and or local withholding or unemployment compensation

- W-2s
- WH-18s
- 1099s

Please don't send W-2s with information on the front and back. Single-sided withholding statements only.



Tips

Please ensure all necessary and required schedules are included when submitting paper returns

- any missing schedules will delay processing

Do not submit a paper return if you have already e-filed



Tips

If you have electronically filed and are planning to send in a paper check...

Please use a PFC

- anytime a payment is received without a PFC there is an opportunity for the Department to misapply the payment



Tips

Please don't black out the 1D barcode found at the bottom of forms

Please make sure that copies of forms are readable

Please ensure all forms submitted for a taxpayer are of the same type

- CT-40 PNR with IT-40 PNR
- Schedule 7 with IT-40



Tips

Submit only one check per trust tax return

- multiple returns with one check, or multiple checks with one return may cause processing delays

Returns and payments should only show a valid and complete TID

- do not use “applied for” or FIDs in the TID field

No specific account information on business will be given without having a valid POA on file.



Tips

Don't white out or make any handwritten changes on trust tax returns

- causes errors when processing

Please do not three-hole punch returns, staple the returns, or use any other attachment device

- excluding a paperclip

The Department will no longer accept faxed tax returns of any type

- creates problems for our imaging and processing machines



Tips

Use returns provided by DOR or certified tax preparation software

Please ensure that your tax preparation software is updated regularly

- older versions do not contain the most current county tax rates or form versions
- using old information or forms will likely slow processing time



Payment Plan Tool Online

www.intaxpay.in.gov

pay in full or setup payment plan for IND liability

- 20 percent down
- must owe > \$100
- need case ID found on bill



Review Topics



Review Topics

Topic: We received incomplete W-2 detail with returns

Solution: Please ensure that W-2s are complete and show both IN state and county withholding listed

- missing W-2s will delay processing

Topic: County tax calculation errors

Solution: Please ensure that you are using the correct county codes. Some counties change their rates late in the year.



Review Topics

Topic: Invalid exemption claims on the IT-40 RNR

Solution: Exemptions should only be prorated on PNRs, not RNRs. RNR total exemptions should always be a multiple of \$500, and they cannot be less than \$1,000

- don't give primary taxpayer any exemptions that apply only to the spouse, and vice versa



Review Topics

Topic: Invalid or outdated CollegeChoice 529 account numbers

Solution: Please ensure that you are using current account numbers when claiming this credit

- incorrect account numbers can cause delays or even denials



Review Topics

Topic: Amended Returns

Solution: If an IN amended return is due to an amended federal return, you must include a copy of the first two pages of the federal **Form 1040 X**

- enclose W-2s, 1099s if amendment is due to missing / additional income statements



Review Topics

Topic: Credit for taxes paid to other states

Solution: We must see a copy of the other state's return

Topic: NOL issues

Solution: We require Form IT-40 NOL which indicates what year the NOL was generated in and what year(s) it is being applied

- must provide IT-40 NOL and the federal Form 1045 Schedule A for each loss year



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Sign up to receive
e-mail and wireless
updates from DOR



Tax Dispatch

www.in.gov/dor/3659.htm



New and Small Business Education Center

Information regarding

- how to register or close your business
- make changes to your account
- file and pay your taxes online

You'll also find answers to frequently asked questions, as well as all the business tax forms and publications you might need.

www.in.gov/dor/3939.htm



Feedback

We are continually striving to provide better customer service and welcome any ideas or suggestions that you want to share with us:

- Form changes
- Website suggestions
- Department interaction

feedback@dor.in.gov



Contact Us

Practitioner Hotline 800.462.6320 enter code 4367

www.in.gov/dor/3338.htm

Individual Income Tax Questions 317.232.2240

Business Tax Questions 317.233.4015

Corporate Income Tax 317.232.0129

e-file Questions 317.232.0059

Streamlined Sales Tax 317.233.4015

www.in.gov/dor/3341.htm



Questions and Discussion

